

EXHIBIT 9

STANLEY J. HARRELSON
MONTEREY BAY vs. PINNACLE MONTEREY

July 16, 2012

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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF MONTEREY

MONTEREY BAY MILITARY HOUSING, LLC,)	
et al.,)	
)	
Plaintiffs,)	Case No.
)	
vs.)	M 112710
)	
PINNACLE MONTEREY LLC, et al.,)	
)	
Defendants.)	

VIDEOTAPED DEPOSITION OF STANLEY J. HARRELSON
July 16, 2012
Seattle, Washington

Reported by:
Mary W. Miller, RPR, CRR, CCP
CCR No. 2056
Job No. Chicago 352595

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1 MR. HILDEBRAND: Objection, form. You can
2 answer, if you remember.

3 Q. Just so we're clear, you can always answer only if
4 you remember. You if you don't remember, then tell me so.
5 If you remember, it's always if you remember. You
6 understand that?

7 A. I appreciate that, yes.

8 MR. HILDEBRAND: Well, and the objection to the
9 form goes to the long span of time you're asking him to
10 answer about, Jeff, so I was just instructing him to do his
11 best.

12 MR. WILLIAN: Please just limit yourself to
13 objections.

14 Q. Go ahead.

15 A. To the best of my knowledge and up until very
16 recently Mr. Goodman owned 67 and a half percent.

17 Q. What percentage of AMS, LLC did you own over that
18 time span?

19 A. At approximately the same time as Mr. Goodman owned
20 67 and a half percent, I owned 25 percent.

21 Q. And who are the other minority partners?

22 A. Several executives with the company who had regional
23 specific responsibilities and one ex-employee of the
24 company.

25 Q. Could you give me their names, please?

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1 A. Ward MacLean is the ex-employee. Eric Schwabe -- I
2 can spell that if you like, S-C-H-W-A-B-E. He is the
3 western regional president, and Rick Graf, G-R-A-F, was the
4 central regional president at the time.

5 Q. And those three individuals owned the difference
6 between what you and Mr. Goodman owned and AMS, LLC?

7 A. Yeah, with the exception of what Scott Mencacay
8 owned while he owned it.

9 Q. Now, you indicated that recently there's been some
10 ownership change within AMS, LLC?

11 A. Yes.

12 Q. Describe that change for me.

13 A. The admission of several new partners and a dilution
14 of Mr. Goodman and mine's interest.

15 Q. First of all, tell me which new partners were
16 admitted?

17 A. John Carrosino, chief financial officer. Larry
18 Goodman, chief operating officer. George Petrie who is a
19 CEO of Mr. Goodman's private real estate company. Don
20 Fosseken who's a development executive, business development
21 executive, excuse me, and I think that is it.

22 Q. You indicated that your interest was diluted. What
23 was it diluted to?

24 A. 20 percent.

25 Q. And you indicated that Mr. Goodman's interest was

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1 diluted. What was that diluted to?

2 A. In round numbers, 51 percent. I don't recall the
3 specific.

4 Q. When approximately was that ownership
5 structure -- withdrawn. When did that ownership structure
6 take place?

7 A. It is effective --

8 MR. HILDEBRAND: Objection, form.

9 Q. I'm sorry, just so I'm clear. When did that change
10 in ownership structure take place?

11 A. It was made effective the first of this calendar
12 year.

13 Q. Referring to the chart Monterey Bay Project
14 Structure that's attached to your affidavit. With respect
15 to the property manager.

16 A. Yes.

17 Q. Which I think we've agreed is American Management
18 Services California, Inc., are all the fees in the Monterey
19 project received through that entity, AMS California, Inc.?

20 MR. HILDEBRAND: Objection, form.

21 A. Could you just restate that, I'm sorry.

22 Q. Sure. With respect to the fees, including the
23 management incentive fees that any Pinnacle affiliate
24 receives in the Monterey Bay project, is it correct that AMS
25 California is the entity that receives all of the fees?

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1 A. That's correct.

2 MR. HILDEBRAND: Objection, form.

3 Q. And am I also correct that AMS California has no
4 ownership interest in the Monterey Bay project, apart from
5 its property management agreement?

6 MR. HILDEBRAND: Objection, form.

7 A. AMS of California, Inc. is not a named owner, equity
8 owner of the project. However, its principles are.

9 Q. If you take a look at this chart, Monterey Bay
10 Project Structure, and in the upper right hand corner
11 there's an entity called Pinnacle Monterey LLC. Do you see
12 that entity?

13 A. Yes.

14 Q. And the indication there is it owns 30 percent of
15 the entity Clark Pinnacle Monterey Bay LLC; is that right?

16 A. That's correct.

17 Q. You believe that to be accurate?

18 A. Yes.

19 Q. So this entity Pinnacle Monterey LLC actually owns
20 an equity interest in the Monterey Bay project?

21 MR. HILDEBRAND: Objection, form.

22 A. That's correct.

23 Q. Who are the owners of Pinnacle Monterey LLC?

24 A. John Goodman, myself, Eric Schwabe and Scott
25 Mencacay, I believe.

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1 Q. What percentage does John Goodman own in Pinnacle
2 Monterey LLC?

3 A. Um, there I'm afraid my recollection isn't going to
4 be very good. It does not exactly mirror the ownership in
5 AMS but it is substantially in his favor.

6 Q. What percentage ownership do you have in Pinnacle
7 Monterey LLC?

8 A. Again, I don't know the exact percentage but it's
9 something less than Mr. Goodman's.

10 Q. What is Mr. Schwabe's ownership interest in Pinnacle
11 Monterey LLC?

12 A. I do not recall the specific percentage but it is
13 modest. By that I mean under five percent.

14 Q. What is Scott Mencaccy's ownership interest in
15 Pinnacle Monterey LLC?

16 A. Modest.

17 Q. And have you identified all the current owners of
18 Pinnacle Monterey LLC?

19 A. To the best of my recollection, yes.

20 Q. Has there been any type of ownership change in
21 Pinnacle Monterey LLC since 2003?

22 A. There has not.

23 Q. Did you, Mr. Goodman, Mr. Schwabe or Mr. Mencaccy
24 have to make any direct equity investment to secure your
25 interest in Pinnacle Monterey LLC?